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EMPLOYEE ENGAGEMENT: A LITERATURE REVIEW

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ABSTRACT

Employees form the integral part of an organization. To stay competitive a company will have to keep its employees fully involved in everything that is happening towards their business outcomes. Every employee in the company will have to be committed, motivated and enthusiastic about working for the company and its goals. There has to be a meaningful intersection between what the company is expecting from the employee and what the employee is expecting from the company. For more than a decade now, every organization is interested to know how much their employees are engaged to its cause The term employee engagement may be recently used, but its fundamentals are quite known, researched and established and has existed time immemorial. This paper is an effort to understand this term, its benefits and its importance. This literature review examined peer-reviewed journal articles, working papers, books and other published resources on the internet.

KEYWORDS: Business Outcomes, Company and its Goals, Organization is Interested

INTRODUCTION

The concept of employee engagement is most widely used and spoken about in all progressive organizations it is about how happy employees are with their jobs, the environment in which they work their colleagues and how their performance is aligned with the organizational outcomes. Jack Welch once said, three things any organization should focus on are employee engagement, customer satisfaction and cash flow. This is an effort to review the literature in the area of employee engagement and present the same in a meaningful and systematic manner. Largely possible we have comprehensively dealt with this subject and have structured what we have shared logically.

LITERATURE REVIEW

Evolution of Employee Engagement

Before 1990

A lot around employee engagement can be learnt by looking into the need theory as written by Abraham Maslow (1943) in his book "A Theory of Human Motivation". Every individual put forth their efforts continuously to satisfy their needs, their needs are perpetual (when one goes the other appear), a satisfied need can never motivate a person and needs are organized in a hierarchy of importance. An engaged employee is an individual who has gone through this cycle, has all their needs starting from physical to self-actualization satisfied, and finds a meaning of fulfilment in life through the work that one does. Erving Goffman (1956) in his book "The Presentation of Self in

Everyday Life" has used a term "Embracement". Which is the investment of oneself and their energies into their roles? How one is attached to their role is key. Behaviours that signify attachment / lack of separation between a person and their role were indicative of embracement. This term role embracement was no different from employee engagement.

Herbert Kelman (1958) provided support for distinction between compliance and internalisation. Through an experiment on black American students, he was able to prove that an individual is able to make their choice much more freely during an internalisation condition. This freedom allowed them to express their opinions. To achieve a state of engagement one has to achieve the state of internalisation.

Frederick Herzberg (1959) interviewed around two hundred engineers and accountants to understand the attitude of people towards work. Then emerged the dual factor theory of motivation He found that there are a set of hygiene factors, the lack of which may be harmful, but they do little contribution to provide job satisfaction and stay extrinsic to the job. It is the intrinsic to job factors or motivators that are key in making people happy with their job. Employee engagement is all about sustaining the hygiene factors and playing completely in those motivators.

The genesis of employee engagement was also laid Douglas McGregor (1960) when he spoke about "Principle of Integration" in his book "The Human Side of an Enterprise". McGregor felt that the effectiveness of an organization was proportional to the untapped potential of its resources. There is a perfect unison in the organization when the self-interests of each of its employees connect with the interests of the organization. When done successfully these results in engagement of an employee

Chris Argyris and Edgar Schein (1960) emerged the concept of "Psychological Contract". Which refers to the relationship between an employer and its employees and specifically concerns mutual expectations of inputs and outcomes? The psychological contract was the level of fairness or balance between employee-employer relationships. This determines, a) how the employee is treated by the employer and b) what the employee puts into the job. This psychological contract is not different from employee engagement.

David McClelland (1961) identified three types of motivational needs through which an individual anchors oneself in an organizational setting, a) Achievement Motivation (n-ach), b) Power Motivation (n-pow) and c) Affiliation motivation (n-affil). An individual is constant seeking one or a combination of the above in life. An organization will have to understand the motives of an individual in totality. An engagement happens when the employee is able to bring their whole and soul to their organization.

Thomas J Watson Jr (1969) the second CEO of IBM once said, "There are a lot of ideas worth listening to in this company. Let's be sure we're paying attention".

Since 1990

The concept of employee engagement really got popular after the work of William Kahn (1990) when he published his paper "Psychological conditions of personal engagement and disengagement at work" in Academy of Management Journal. Kahn took lead from Goffman to study why individuals invested a varying degree of themselves to their work-roles. Engagement is reflected by the investment of personal energies into their roles, physically, cognitively and emotionally. High energy means engagement and low energy means disengagement.

The Corporate Leadership Council (2004) published their model of employee engagement. Engagement was

anchored around, a) how hard an employee worked, and b) how long they stayed. Employee brought rational and emotional commitment to their job, through a set of touch points (work, team, manager and organization) that resulted in the following outputs, a) discretionary effort and b) intent to stay. The CLC model is used by many leading organizations to measure employee engagement.

John Gibbons (2006) of "The conference board of Canada" published a paper on "Employee Engagement – A Review of Current Research and its Implications". In the paper, they had identified six key drivers that affected the employee engagement. The drivers were, a) Trust and integrity, b) Nature of job, c) Line of sight between employee performance and company performance, d) Career growth opportunities, e) Pride about company, and f) Co-workers and team members. Engagement was highlighted as the heightened emotional connection that an employee feels for his or her organization and that influence him or her to exert greater discretionary effort to his or her work.

The Gallup Q12 (2008) was published in the Gallup Management Journal by John Thackray. An instrument was created after hundreds of focus groups and interviews. Researchers found that there were 12 key expectations when satisfied formed a good foundation for the feeling of engagement. The 12 expectations were segmented into four anchors, a) Basic needs of employee, b) Management support, c) Team work and d) Growth. The instrument categorises employees into engaged, not engaged and disengaged. A lot of research has been done to prove that employees who fall under the category engaged contribute to the organization and their own self from work standpoint better than others do.

Mark Gatenby et al (2009), found engagement to be a two-way relationship. For the employer it was about creating a great work environment and for the employee it is a concept that places flexibility, change and continuous improvement at the centre of everything. Both of them will have to reciprocate to create an engagement culture.

The British Prime Minister under the supervision of David MacLeod established an Employee Engagement Task Force (2011). The task force conducted a series of seminars, interventions and publications to socialise the industry with this thought of employee engagement. Engagement was said to be the conditions that an organization creates in which employees freely offer more of their capability and potential.

Definition of Engagement

Highlighted below are some of the key definitions of employee engagement as it is seen and felt in the organizations of today.

William Kahn (1990) defined engagement as the harnessing of organization members themselves to their work-roles. During engagement, people employ and express themselves physically, cognitively and emotionally at ease.

Katie Truss et al (2006) define employee engagement as passion for work, a psychological state that is seen to encompass the three dimensions of engagement shared by Kahn.

As per Mark Gatenby et al (2009), engagement was about creating opportunities for employees to connect with their colleagues, managers and wider organization.

Brad Shuck and Karen K Wollard (2011) identified four main sub-concepts to define engagement. They were, a) A needs satisfying approach, it is an expression of one's preferences, b) Burnout anti-thesis, were it was defined as the state of one's mind, c) Satisfaction-engagement approach, engagement was defined as a more technical version of satisfaction arising out of one's job, and d) The multidimensional approach, where a clear distinction was maintained

between job and organizational engagement.

Before we get into lot more definitions around engagement. A high level almost of the definitions around engagement can be summed into the statement given below:

- In a nutshell, all definitions of employee engagement can be summarised as the property of the relationship between an organization and its employees. What the employee is carrying to the office and what is organization is offering to the employee.

  EE = f (Employee, Organization)

- All definitions of engagement addresses or stems from three concepts, a) Antecedents of engagement or what leads one to engagement, b) The state of engagement itself, and c) Outcomes of engagement, what the employee and the organization gets out of it.

- All definitions of engagement encompass the three dimensions of engagement shared by Kahn, a) Emotional, b) Cognitive and c) Physical.

Definitions around Emotional Dimensions

Robinson et al (2004) highlighted the importance of feeling valued and involved as the key driver of engagement. Various elements have varying impact on the feeling of employee. Understanding these elements is critical for the organization.

Lucas et al (2006) gave importance to the employee voice, the ability of the employee to have an input into the decisions that are made in the organizations.

Lawler and Worley (2006) felt high involvement work practice to be effective. To have a positive impact on employee engagement employees must be given power and should have the liberty to control their destiny.

Penna (2007) said that engagement comes through fulfilment and fulfilment comes through being valued, appreciated and having a sense of belongingness to the organization.

Beardwell and Claydon (2007) said that engagement comes through employee involvement. It is about capturing the ideas of the employees and securing their commitment. To involve them you have to allow them to contribute and share openly.

Definitions around Cognitive Dimensions

Cooper (1997) said if employee gets a feeling that their emotions are managed well without being shut in their organization. It can drive trust, loyalty, commitment and gains. This results in engagement.

Christina Maslach (2001), said engagement is opposite to burnout. In a burnout state, the employee is mentally exhausted, dissociates from the job and feels less competent to perform job tasks.

Wilson (2004) said feelings connect us with our realities and provide internal feedback on, a) how we are doing, b) what we want, and c) what we might do next. An individual always looks for their current positioning in the organization to generate these feelings. An organization that ensures that their employees are positioned well creates engaged culture.

Robinson (2006), individuals categorises and make sense of events and situations (prioritizes them) in their own unique personal frame of reference. These references are based on their personality, past experience, knowledge, expectations and needs/interests. Employee engagement can be achieved through, positive organization environment.

Definitions around Physical Dimensions

Nancy Rothbard (2000) focussed on the roles of employees while doing their job. Engagement can be achieved through a) attention and b) absorption. Attention refers to the amount of time the employee uses to think about their role and absorption means employee engrossed with their role from a work standpoint.

Schmit (2004) framed engagement within the context of organizational health and workplace wellbeing. An organization will have to create supportive culture and conditions to enable workplace wellbeing and there by engagement.

Michelman (2004) anchored the theory of engagement around contribution of managers. Great managers boost the engagement levels of people who work for them through, a) selection of right people, b) expectations setting, c) motivation and d) development. Great managers will seek the right fit for a person's talent, they reward performance and they develop talent through meaningful assignments.

Moorcroft (2006) felt that employees could be engaged through making them a part of the entire process to achieve business outcomes, from an evolution and communication standpoint. Employee alignment improves engagement and helps employee evolve better ideas that affect the organization.

Bakker, Albrecht, Leitner (2011) felt that being absorbed and energized by one's work is key feature of engagement.

How Engagement is Different from Some of the Similar Terms
Engagement is different from Organizational Commitment

Saks (2006), organizational commitment refers to a person's attitude and attachment towards their organization. Engagement is more than attitude, it is a degree to which an individual is attentive to work and absorbed in performance of their role.

Engagement is different from Job Involvement

May et al (2004), job involvement is a state of the mind, purely cognitive. Engagement is about how one employs him or herself during job. It is a combination of emotional, cognitive and physical.

Engagement is different from Employee Satisfaction

Schmidt (1993), employee satisfaction is about being satisfied with one's job. Engagement is involvement to job with commitment and being satisfied with work. It covers both satisfaction and commitment.

Abhishek Mittal (2011), satisfaction is a one-way street. The extent to which employees are happy and contented, fulfilling their desires and needs to work. Engagement is a two-way contract, more multi-dimensional construct and has greater validity and linkages to business outcomes. Through engagement, both the employee and the employer gain.

Engagement is different from Motivation

Paul Marciano (2011), a motivated employees are in the game for what they get out of it, if the carrot is taken

away a motivated employee is out of the game. They want to quickly finish their work and move on. An engaged employee is in for the sake of the game itself and its larger cause to the organization, their whole and sole objective is to work for the mission of the organization. An engaged employee exists both at the individual and organizational level.

Why Engagement is Critical to an Organization

Employee Engagement and Productivity

Gallup (2006) found organizations with high engagement scores (upper quartile) have 18% more productivity.

Goring (2008) found 10 times increase in errors among disengaged versus the engaged employees in the organization

Harter et al (2009) found 18% drop in productivity between the engaged and disengaged. Also found 37% more absenteeism in organization scoring bottom 25% in engagement score.

Employee Engagement and Safety

Ronald (1999) found employees who say they usually enjoy their tasks were two and half times less likely to report a back injury than those who said they hardly ever enjoyed their tasks.

Gallup (2006) found that organizations with low engagement scores have 62% more accidents and 51% more inventory shrinkages.

Harter et al (2009) found top 25% engaged business units to have 49% less safety violations or incidents than bottom 25% in the same organization. Even in a hospital settings engaged organizations have 41% less patient incidents like fall, medical error, infection rates and mortality rate.

Employee Engagement and Retention

Towers Perrin (2003) found one-half of disengaged employees are considering quitting their current job at any point. In the same lines, only 25% of engaged employees are considering to quit.

Corporate Leadership Council (2004) found that most engaged employees are 87% less likely to leave their organization.

Employee Engagement and Customer Loyalty

Harter et al (2009) found employees more customer focussed when engaged. As they are motivated to increase their discretionary effort to achieve business success rather than just personal gains. Further engaged employee also positively influences the ecosystem around.

Employee Engagement and Business Financial Outcomes

Watson Wyatt (2004) found employees with high engagement have high line of sight of the business and enabled the organization to earn 18% more profits.

Gallup (2006) found organizations with high engagement scores have 12% higher profitability.

Towers Perrin (2006) found organizations with high engagement level have in a 12-month period, 19.2% increase in operating income, 27.8% increase in EPS. Similarly, organizations with low engagement level in the similar period

found 32.7% decline in operating income and 11.2% decline in EPS.

Employee Engagement and Employee Effort

Katzenbach (2000) found engaged employees to be committed, motivated, energetic and enthusiastic about solving problems / issues. They get absorbed into their work and put their hearts into their role. They are excited about doing a good job.

Catlette and Hadden (2001) found an engaged employee to have direct control over the discretionary effort that they put in.

Harter, Schmidt and Hayes (2002) found an engaged employee to consistently outperform and achieve new standards of excellence.

Kroth and Boverie (2003) found engaged employees to be energized and passionate about work. With this passion also come excitement, enthusiasm and productivity.

Employee Engagement and Individual Differences

While the organization does, everything to make an employee engaged. Different people react differently and their level of engagement will vary.

Locke and Taylor (1990), individuals who have rewarding interpersonal interactions with their co-workers also have a high meaning in their work, which positively influences engagement.

Portello (1996), when an individual experiences a situation as unsafe it is the matter of what coping strategies they deploy and the extent to which they engage or disengage.

Bowditch and Buono (2001), personality acts as a perception filter. It makes us look at the world through a frame. This frame plays a key role in shaping ones engagement rather than an objective understanding of reality.

Moore (2004); Crabtree (2005), personal relationships have also been found to impact work engagement. Family stress and work related stress are interlinked.

Robinson (2006), individual differences play a vital role in determining an employee's potential level of engagement. An individual make sense of situations around through their own personality, past experiences, knowledge, expectations, needs, priorities and interests.

Inceoglu and Warr (2011) felt engagement is also related to personality traits of an individual. Some employee tends to be more engaged than others in a given situation are.

Employee Engagement Models

There are many models standardized and extensively used by global consulting firms to understand and manage employee engagement. A few of the well-known and accepted ones are:

Blessing White, X Model of Engagement

The premise of this model is, a company will have enable their employees to focus on organizational outcomes and at the same time help them find a meaning with what they are doing or create a sense of purpose in life working for

that company. X is the intersection of what is required for the company and what is required for the individual. There are three important influencers to engagement, a) through the individual itself, b) through managers and c) through leaders. Each of them the will have to be equally driven to maintain a healthy engagement climate.

Sirota, Three Factor Model of Engagement

A healthy engagement climate is established through satisfaction of three primary factors, a) Achievement, b) Camaraderie and c) Equity. Achievement is about taking pride of one's accomplishments and roles in the organization and doing things that matter and doing them well. Camaraderie is maintaining warm relationships with others in the workplace and having a sense of belongingness. Equity is being treated fairly without any bias or partiality. What leaders do and employees seek intersect, and outcome of this intersection results in satisfaction and engagement.

CLC, Engagement Model

Engagement is caused through commitments. There are two types of commitments that an employee brings to the organization, rational commitment and emotional commitment Rational is the extent to which employees believe the organization and teams and emotional is the extent to which an employee believes and enjoys being around in the organization. These commitments can be felt through four focal points, a) Work, b) Team, c) Manager and d) Organization. A successful output of the commitments across the focal points results in employee giving more discretionary effort (performance) and having intent to stay longer (retention).

Hazards in Study of Employee Engagement

The hazards can arise through, a) Methods used, b) Administrative focus and c) Ethical standards. Methods may be due to use of bad statistics, invalid comparisons, differentiating between correlation and causation and misunderstanding of the basic concepts. Administrative hazards arise due to too much focus on survey than its outputs and misinterpretation of the recommendations thrown by an instrument. Finally, ethical hazards arise when over a period the organization aligns individuals thinking and preferences to support its own priorities.

CONCLUSIONS

Bersin and associates (2010) interviewed business leaders from 343 organizations, over 65% of the executives felt engagement as an important are very important metric. Aon Hewitt (2014) in their "Trends in Global Employee Engagement" report found that while the global economy was forecasted to grow by 3% in 2014, the global employee engagement index had only increased 1% during 2012 to 2013. It imperative for the business community to focus on getting the employee central to the business and keep them completely connected with the business.

It is clear that an engaged employee exhibits, a) belief in organization, b) desire to improve work consistently, c) understanding of the organizations business strategy, d) ability to collaborate effectively, e) willingness to give extra effort and f) a consistent desire to enhance their skill set and knowledge base.

Employee engagement is the emotional commitment the employee has to the organization and its goals. This emotional commitment means engaged employees actually care about their work and their company. An engaged employee do not work just for a paycheck or just for promotions. They connect very closely with the organization's goals and its business outcomes.

It is the responsibility of the company to align its programs and practices within its overall framework to drive the right behaviour from employees through customers.

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